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BEFORE THE ARIZONA CORPORATION CC

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
ROBERT BURNS
SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION OF
FAR WEST WATER & SEWER, INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
WASTEWATER RATES AND CHARGES
BASED THEREON FOR UTILITY SERVICE

DOCKET NO. WS-03478A-12-0307

**NOTICE OF FILING TESTIMONY
SUMMARIES**

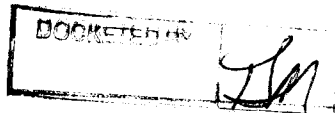
Far West Water and Sewer, Inc. ("Far West") hereby provides notice of filing the
attached Testimony Summaries.

Respectfully submitted on April 17, 2013, by:

Craig A. Marks
Craig A. Marks, PLC
10645 N. Tatum Blvd.
Suite 200-676
Phoenix, AZ 85028
(480) 367-1956
Craig.Marks@azbar.org
Attorney for Far West Water & Sewer Company

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Wesley C. Van Cleve
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007
wvancleve@azcc.gov

Michelle L. Wood
Residential Utility Consumer Office
1110 West Washington Street, Suite 220
Phoenix, AZ 85007
mwood@azruco.gov

Robert C. Gilkey
Barbara S. Gilkey
14784 E. 49th Street
Yuma, AZ 85367
BOBnBARB325@aol.com

Rodney Taylor
Kim Taylor
11440 East 26th Lane
Yuma, AZ 85367

Jerry S. Durden
12789 E. 46th St.
Yuma, AZ 85367

Robin R. Mitchell
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007
rmitchell@azcc.gov

Jeffery W. Crockett, Esq.
Brownstein Hyatt Farber Schreck
40 North Central, 14th Floor
Phoenix, AZ 85004
jcrockett@bhfs.com

Robert Rist
9593 East 34th Place
Yuma, AZ 85365
bobandjoanrist@gmail.com

Seth Davis
Barbara Davis
2006 South Arboleda Drive
Merced, CA 95341

William B. Ott
Margaret Marie Ott
4232 Jane Street
Redding, CA 96002

By:



Craig A. Marks

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**TESTIMONY SUMMARIES
FAR WEST WATER & SEWER, INC.
APRIL 17, 2013**

DIRECT TESTIMONY

Mr. Ray Jones testifies in support of a rate application by Far West Water & Sewer, Inc. ("Far West" or "Company"). Far West seeks a determination of (i) the fair value of its wastewater utility property for ratemaking purposes, (ii) a fair and reasonable rate of return thereon, and (iii) increases in its rates and charges for wastewater utility service in its certificated service area. Mr. Jones first testifies concerning his qualifications and then discusses Far West's wastewater operations.

Mr. Jones next discusses Far West's recent upgrades to its wastewater facilities, as required by a Consent Judgment with the Arizona Department of Environmental Quality. As of the end of the test year, Far West has completed Phase I of the Section 14 Plant expansion, closed the Palm Shadows wastewater treatment plant and directed its flow to the Section 14 Plant and completed the Phase I Del Oro Plant expansion. Far West's new wastewater treatment plants are state-of-the-art facilities that, through an ultra-filtration process, will produce reclaimed water that is A+ quality. Far West's plant-in-service balance has increased from \$13,420,251 (2004 test year) to \$37,751,132 in this filing (2011 test year).

Mr. Jones next discusses Far West's regulatory history and its grim financial condition. Mr. Jones explains that the present financial condition is largely a result of Far West's massive investment in new plant. Since its last rate case, rate base has increased from \$1,549,650 to \$22,800,578.

Mr. Jones next provides an overview of Far West's rate request and then discusses the request in detail including test-year rate base, income, expenses, and cost of capital. Far West requests a rate increase of \$3,866,046, or 173.52%, to allow it to earn a 7.409% rate of return on its original cost rate base.

Attached to Mr. Jones' testimony are three exhibits:

- Exhibit RLJ-DT1 – Resume of Ray Jones
- Exhibit RLJ-DT2 – Description of Far West Wastewater System
- Exhibit RLJ-DT3 – Required Schedules

REBUTTAL TESTIMONY

Mr. Ray Jones responds to the Rate Design Testimony of Staff (Becker), RUCO (Coley), and the Joint Rate Design Testimony of Robert and Barbara Gilkey and Robert Rist.

Mr. Jones presents the Company's rebuttal rate design for each class of customer. The Company has changed its commercial rate design to closely resemble Staff's proposed commercial rate design and address concerns raised by Robert and Barbara Gilkey and Robert Rist. The Company's RV Park rate has been updated to include a base monthly charge and to increase the RV space rate to 33.33 percent of the residential rate.

Mr. Jones explains why the Company continues to advocate for a market based effluent rate, explaining the long-term benefits to the Company and its customers.

Lastly, Mr. Jones explains why the Company cannot support a phase-in of rates.

REBUTTAL RATE DESIGN TESTIMONY

Mr. Ray Jones responds to the Rate Design Testimony of Staff (Becker), RUCO (Coley), and the Joint Rate Design Testimony of Robert and Barbara Gilkey and Robert Rist.

Mr. Jones presents the Company's rebuttal rate design for each class of customer. The Company has changed its commercial rate design to closely resemble Staff's proposed commercial rate design and address concerns raised by Robert and Barbara Gilkey and Robert Rist. The Company's RV Park rate has been updated to include a base monthly charge and to increase the RV space rate to 33.33 percent of the residential rate.

Mr. Jones explains why the Company continues to advocate for a market based effluent rate, explaining the long-term benefits to the Company and its customers. Lastly, Mr. Jones explains why the Company cannot support a phase-in of rates.

REJOINDER TESTIMONY

Mr. Ray Jones responds to the Surrebuttal Testimony of Staff (Becker, Cassidy and Liu), RUCO (Fish, Duffett, Coley and Rigsby), Spartan Homes (Householder), Robert and Barbara Gilkey, and Robert Rist.

Mr. Jones presents rejoinder testimony regarding expense adjustments proposed by RUCO that the Company is willing to accept. Mr. Jones also summarizes the remaining differences in positions of the parties.

Mr. Jones presents rebuttal testimony regarding cost of capital, agreeing to accept Staff's cost of capital.

Mr. Jones addresses Staff's recommendations that the Company meet certain preconditions before rates in this case are implemented, providing updates on the Company's recommended alternatives.

Next Mr. Jones responds to the Direct Testimony filed by Mr. and Mrs. Gilkey, Mr. Rist and Spartan Homes.

Lastly, Mr. Jones provides Far West's position on the appointment of an interim manager and responds to the March 28, 2012, letter docketed by Commissioner Bitter Smith.

Far West rejoinder position requests a rate increase of \$3,485,582, or 156.23%, to allow it to earn a 7.4% rate of return on its adjusted original cost rate base of \$20,556,719.